# City-Wide Overtime Scope Statement – August 14, 2013

## **Employee Overtime**

Non-exempt city employees covered by the Fair Labor Standards Act (FLSA) are entitled to receive overtime compensation. In addition to the FLSA, state statutes, and city code, Kansas City's three collective bargaining unit agreements also govern how the city pays overtime wages. Generally, non-exempt city employees are entitled to receive one and one-half or two times their regular pay rate for time worked in excess of their regular work hours.

# Why audit overtime?

Overtime costs are significant. In fiscal year 2013, the city's employee overtime costs exceeded \$18 million. Excessive overtime usage can result in employee health and safety concerns, increasing risks for workplace injuries and potentially lowering productivity. Additionally, not paying employees accurately for the overtime hours worked has legal implications for the city and is not fair to employees.

### **Audit objectives**

Our objective is to answer the following question:

• Is the city effectively managing the use of overtime?

#### **Audit methods**

We will analyze city overtime for fiscal years 2010 to 2013 for trends using data from the city's payroll system. We will review professional literature about managing overtime to identify recommended practices. We will review the Fair Labor Standards Act, Missouri Revised Statutes, the city's Code of Ordinances, the city's collective bargaining unit agreements, and department policies and procedures. We will review a sample of employee time records and interview payroll staff, timekeepers, supervisors and other applicable city staff to identify the city's overtime practices.

#### Anticipated release date

We plan to present the audit report to the City Council in November 2013.